Anthony J. Giovannucci

Director, AT&T Media Engineering Organization

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AT&T's Local Networks

- AT&T has local network facilities in 19 metro areas in SBC territory

  Austin, Chicago, Cleveland, Columbus, Dallas, Detroit, Dayton, Hartford, Houston, Indianapolis, Kansas City, Los Angeles, Milwaukee, Reno, St. Louis, Sacramento, San Antonio, San Diego, and San Francisco

- AT&T has targeted the same metro areas as other CLECs
  - AT&T targets central business districts and expands outwards only as business develops

- AT&T's local networks employ a typical CLEC network architecture
  - AT&T's local networks consist primarily of "backbone" fiber
  - Relatively few building laterals

- When AT&T does "on-net" a building, it primarily uses fiber to the floor arrangements that serve a single customer – no common space access
  - Common space with carrier-installed, shared electronics is necessary to access multiple tenants

AT&T's Local Networks

- AT&T typically serves customers entirely over special access ("Pure Type II")

- When AT&T uses its local network to serve customers it does so in the vast majority of cases by connecting its backbone fiber to a leased special access circuit that connects to the customer location ("Partial Type II")
  - Special access "loops"
  - Special access loop/transport combinations

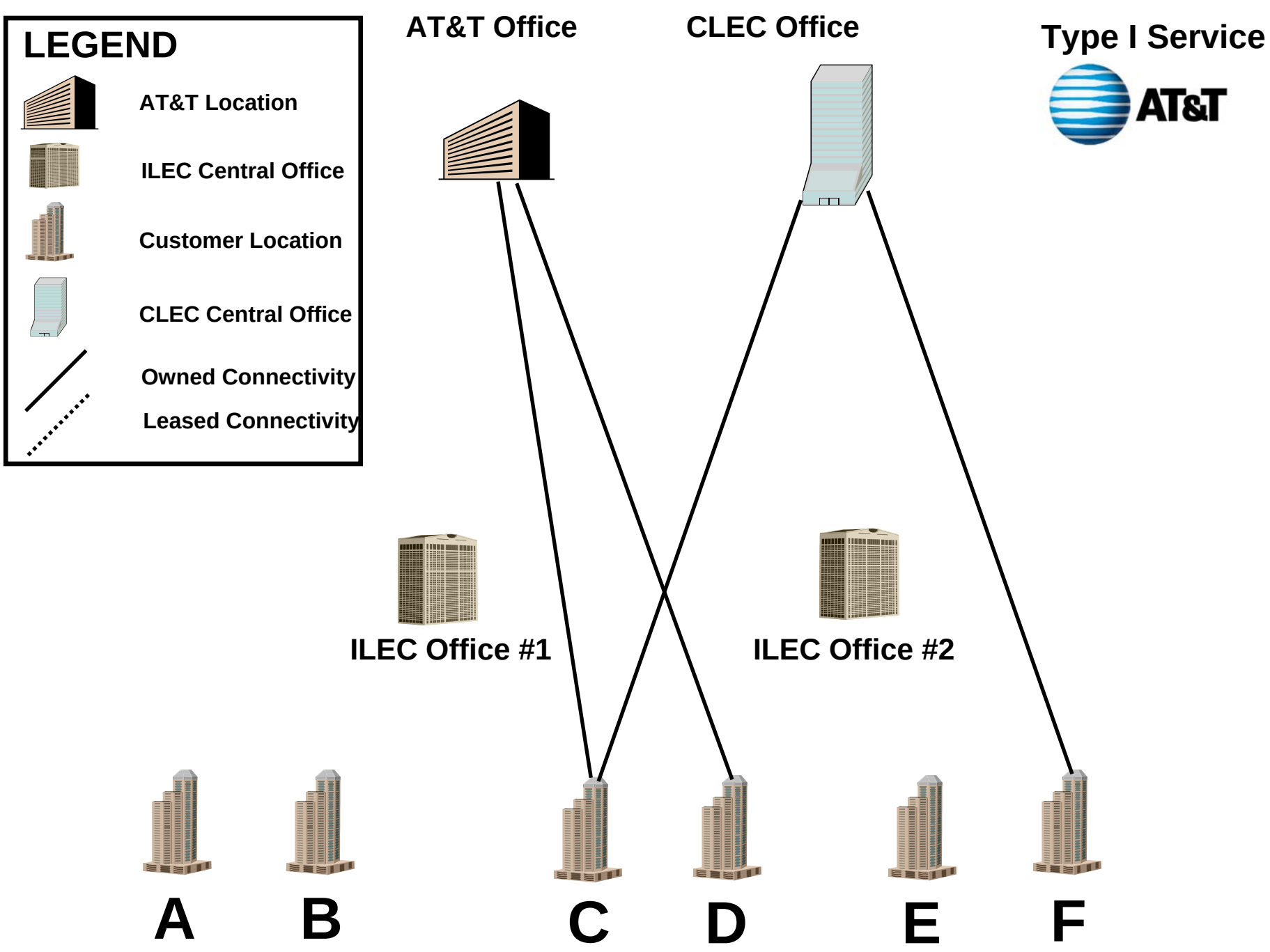
- AT&T deploys fiber laterals directly to only a small fraction of commercial buildings ("Type I")
  - AT&T directly connects to only about of the more than commercial buildings where it has retail customers in SBC territory
  - There are more than 400,000 commercial buildings with special access-level demand in the SBC region

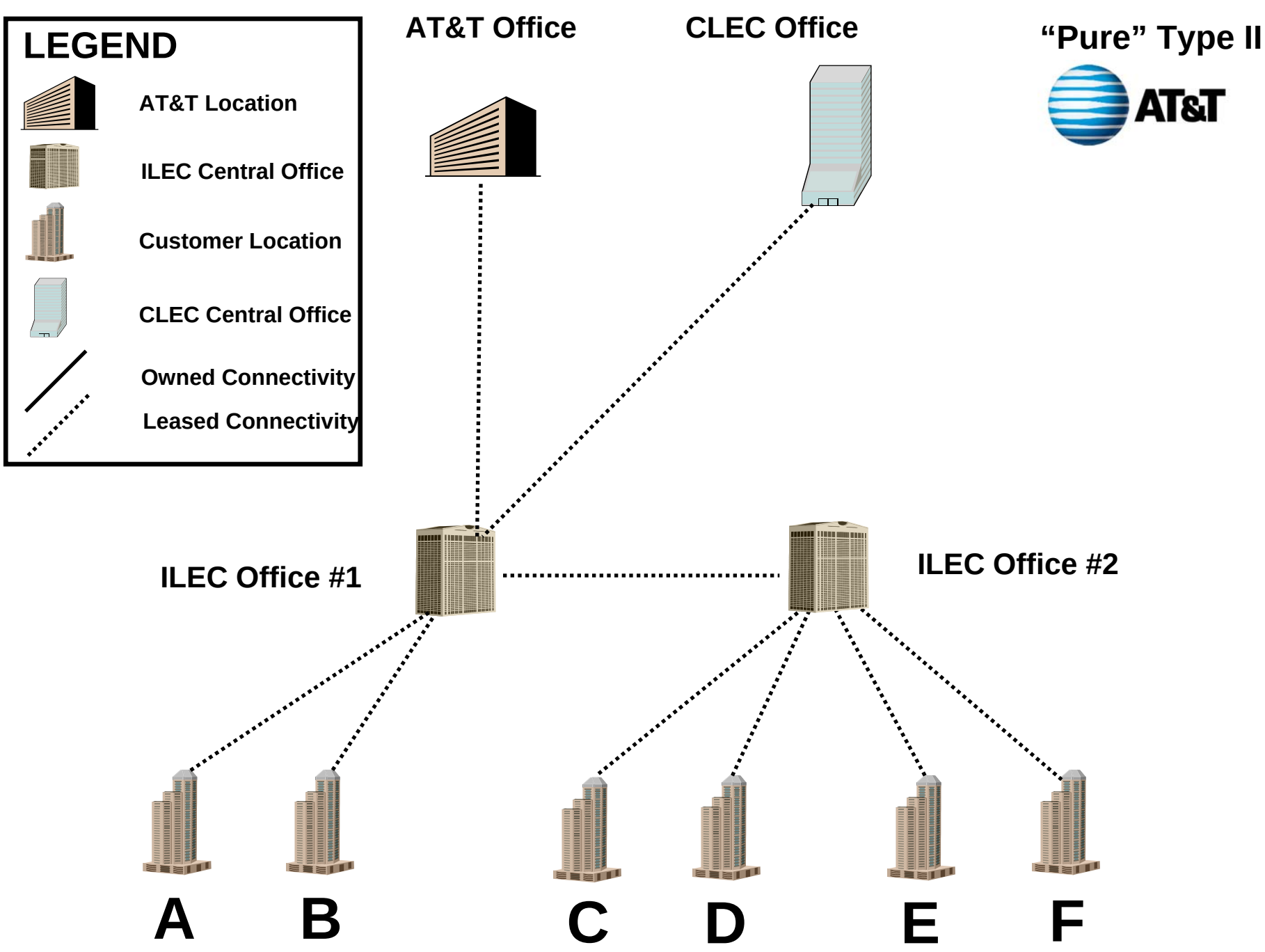
AT&T's Services Taxonomy

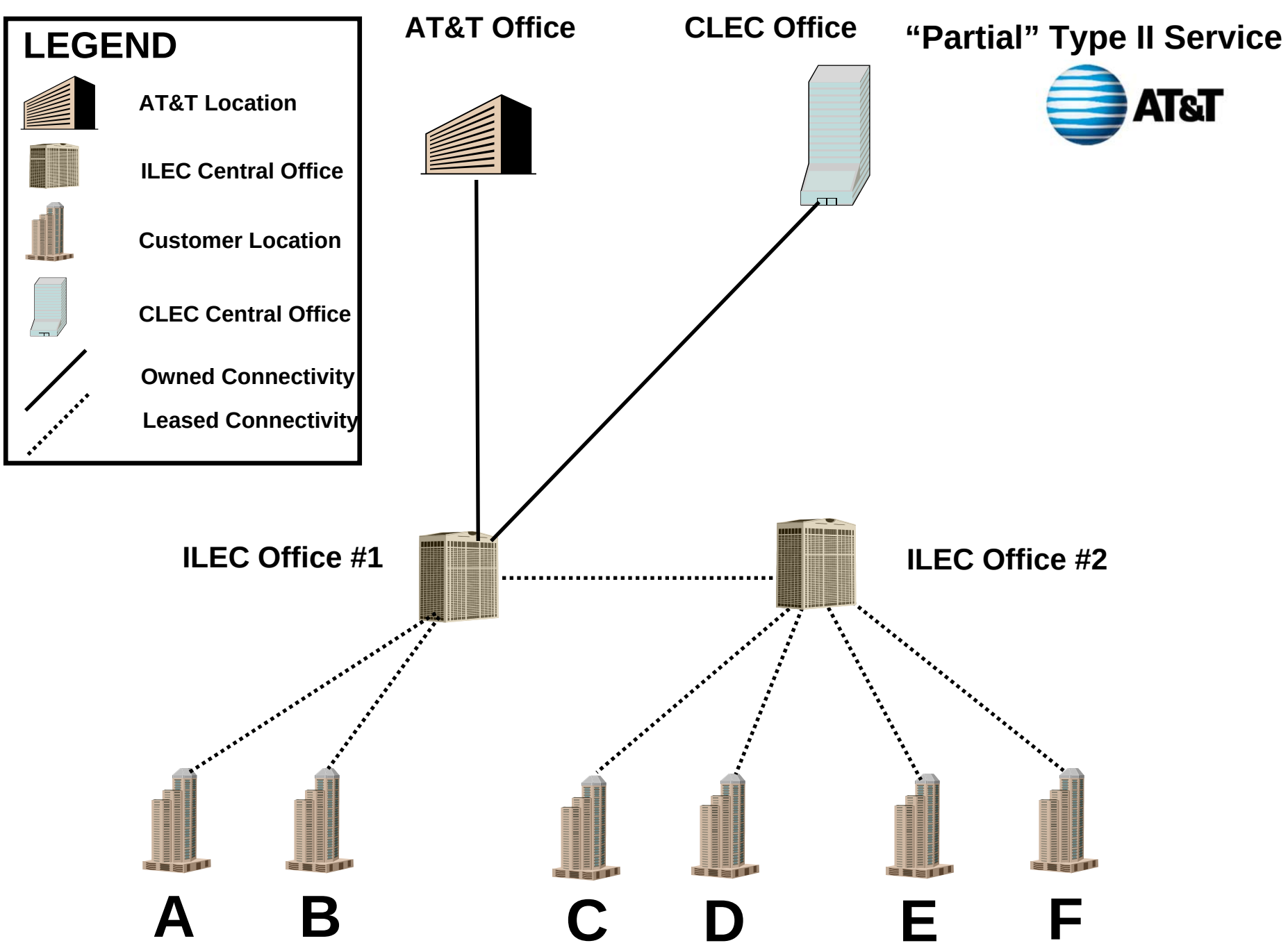
- Type I service
  - AT&T provides local connectivity entirely over its own local facilities
  - AT&T provides Type I service to only a tiny fraction of customer locations

- "Pure" Type II service
  - AT&T obtains all necessary local connectivity by leasing special access from another carrier
  - "Pure Type II" is the typical configuration AT&T uses to reach its customers

- "Partial" Type II service
  - AT&T obtains local connectivity through a combination of leased and self-provided facilities
    - Special access loop only
    - Special access loop/transport combination


LEGEND
AT&T Location
ILEC Central Office
Customer Location
CLEC Central Office
Owned Connectivity
Leased Connectivity
AT&T Office
CLEC Office
Type I Service
AT&T
ILEC Office #1
ILEC Office #2
A
B
C
D
E
F


LEGEND
AT&T Location
ILEC Central Office
Customer Location
CLEC Central Office
Owned Connectivity
Leased Connectivity
AT&T Office
CLEC Office
"Pure" Type II
AT&T
ILEC Office #1
ILEC Office #2
A
B
C
D
E
F


LEGEND
AT&T Location
ILEC Central Office
Customer Location
CLEC Central Office
Owned Connectivity
Leased Connectivity
AT&T Office
CLEC Office
"Partial" Type II Service
AT&T
ILEC Office #1
ILEC Office #2
A
B
C
D
E
F

AT&T's Wholesale Local Private Line Sales Are Very Limited

- AT&T uses its local network primarily to serve its retail customers
- In contrast, many CLECs' business plans focus on selling wholesale special access alternatives to other carriers
  - AT&T purchases wholesale special access from over different CLECs in SBC states
- AT&T provides wholesale local private line services only under a Type I arrangement or in a partial Type II arrangement in which transport and one "tail" are "on net"
- As a result, AT&T's wholesale local private lines services are very limited
  - In total, AT&T sells only $ of wholesale LPL per year (both Type I and Type II) in SBC territories
  - About $ of the total is Type II service

AT&T's Lit Building Data

- AT&T maintains information on every building connected to its local network
- AT&T also receives partial "lit" building lists directly from some CLECs
  - AT&T uses these data for commercial purposes and has a strong interest in ensuring that they are not overstated
  - AT&T works with CLECs to ensure that they are listing buildings that are truly "on net" and that can quickly be provisioned to every customer in the building
- AT&T's CLEC building inventory significantly understates the scope of competitive supply
  - AT&T typically has building lists from only 2 or 3 pre-approved CLECs in a metro area
  - AT&T's database includes subset of lit buildings from only those CLECs
  - AT&T's database includes only buildings where CLECs have common space or can reliably commit to provision circuits within standard intervals

Merger Opponents' Building Data

- The CLECs have not explained their methodology or provided their data

- The CLECs claim AT&T has 20 to 50 times more buildings than it actually has "lit"
  - CLECs show AT&T as having as many buildings in a single city as AT&T has on net nationwide
  - The only way they could make this claim is to include buildings where AT&T has retail customers, regardless of whether the building is connected to AT&T's local network
  - Professor Wilkie acknowledges he included buildings where AT&T provides service using leased special access

The GeoResults Data Do Not Accurately Portray AT&T's Network

- GeoResults' "Hubb Data" is based on Telcordia's CLONES database, which contains 11 character CLLI codes to track building locations

- This database provides a biased and inaccurate view of AT&T's network facilities vis-à-vis other CLECs
  - The decision to obtain CLLI codes is highly dependent on individual carrier business strategies/operational procedures
  - AT&T's business practice is to list all customer locations in CLONES, even if AT&T deploys no equipment
  - Some carriers only list locations where they actually deploy CPE at the customer premises; other carriers choose not to list customer information in CLONES even for "on net" buildings
- Prior to cleanup efforts that began last summer, over 40% of AT&T's CLONES customer premises CLLI code entries were obsolete; more than half of those obsolete entries remain

- GeoResults data thus:
  - *Overstate* the number of AT&T buildings
  - *Understate* the number of buildings served by other carriers (Type I and Type II)